

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CRYSTALLEX INTERNATIONAL CORP.,)	
)	
Plaintiff,)	
)	
v.)	Misc. No. 17-151-LPS
)	
BOLIVARIAN REPUBLIC OF VENEZUELA,)	
)	
Defendant.)	

**SUPPLEMENTAL DECLARATION OF WILLIAM O. HILTZ
IN SUPPORT OF THE SPECIAL MASTER’S
FINAL RECOMMENDATION**

I, William O. Hiltz, declare as follows:

1. I am a Senior Managing Director at Evercore Group L.L.C. (“**Evercore**”), an investment banking advisory and investment management firm. Evercore has extensive experience in providing high-quality investment banking services in traditional M&A processes and financially distressed situations, including advising debtors, creditors, and other constituents in chapter 11 cases and out-of-court restructurings. Evercore is the investment banker to the Special Master in the above-captioned action (the “**Action**”).¹

2. I submit this supplemental declaration (“**Declaration**”) in further support of the *Special Master’s Final Recommendation* (D.I. 1837) (the “**Recommendation**”) and in response to the *Expert Report of José Alberro, PhD*, submitted on July 7, 2025.

¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the *Sixth Revised Proposed Order (A) Establishing Sale and Bidding Procedures, (B) Approving Special Master’s Report and Recommendation Regarding Proposed Sale Procedures Order, (C) Affirming Retention of Evercore as Investment Banker by Special Master and (D) Regarding Related Matters* (D.I. 481) (the “**Sale Procedures Order**”) or the Recommendation.

3. I previously submitted the *Declaration of William O. Hiltz In Support of the Special Master's Final Recommendation* (D.I. 1838). I incorporate by reference all statements contained therein.

4. The statements in this Declaration are, except where specifically noted, based on my personal knowledge and information I received from the Special Master, his Advisors, PDV Holding, Inc. (“PDVH”), Citgo Holding, Inc. and Citgo Petroleum Corporation (collectively, “CITGO”), employees, advisors, or professionals of Evercore working directly with me or under my supervision, direction, or control, and the books and records of PDVH and CITGO maintained in the ordinary course of their businesses.

Background and Qualifications

5. I am a Senior Managing Director in Evercore’s strategic advisory group and head of its Special Committee and Board Advisory practice. I joined Evercore in 2000 and have 49 years of experience in investment banking, mergers and acquisitions (“M&A”), advisory, and corporate finance. Prior to joining Evercore, I was Head of the Global Energy Group at UBS Warburg, and prior to UBS’s acquisition of Dillon Read & Co. Inc., Head of the Energy Group at Dillon Read since 1995. From 1982 to 1995, I was a Managing Director at Smith Barney, where at various times I headed the Energy Group, the High Yield and Merchant Banking Group, the Transportation Group, and the General Industrial Group. I received an A.B. in History and Government from Dartmouth College and an M.B.A. from The Wharton School at the University of Pennsylvania.

6. I have worked on and been involved in the design of numerous mergers and acquisitions, including the General Mills acquisition of Pillsbury, the Chrysler and Fiat merger, the sale of Dell, the sale of McMoRan to Freeport-McMoRan, the sale of ACS to Xerox, the sale of EDS to Hewlett Packard, the CVS and Caremark merger, and the sale of Aquila to Great Plains.

I have further advised Aetna on its sale to CVS, T Mobile on its acquisition of Sprint, Whole Foods on its sale to Amazon, Takeda on its acquisition of Shire, and Energy Futures Holdings on the sale of ONCOR to Sempra Energy, among others. In addition, I have worked on several restructurings, including Energy Future Holdings, General Motors, CIT, Northwest Airlines, Continental Airlines, and Eastern Airlines.

7. Evercore is a leading independent investment banking advisory and investment management firm established in 1996. Evercore's investment banking business includes its advisory business, which provides a range of investment banking services to multinational corporations on M&A, divestitures, special committee assignments, recapitalizations, restructurings, and other strategic transactions.

Response to Expert Report of José Alberro

8. José Alberro, PhD ("**Dr. Alberro**") submitted the *Expert Report of José Alberro, PhD* on July 7, 2025 (the "**Alberro Report**") (notice of service at D.I. 1894).

9. Dr. Alberro's primary valuation method—and the one he uses to generate a \$18.6 billion enterprise value for PDVH—is a discounted cash flow ("**DCF**") analysis. Dr. Alberro also uses other valuation methodologies in an effort to validate his DCF analysis. But all of Dr. Alberro's analyses materially diverge from CITGO's own projections and historical financial performance, as well as comparable methodologies used in the industry. A few straightforward and common sense adjustments to Dr. Alberro's assumptions result in significantly lower valuations of the PDVH Shares. Specifically, using several well-accepted and straightforward adjustments, the PDVH enterprise value in Dr. Alberro's DCF analysis decreases from \$18.6 billion to \$9.4 billion.

a. Dr. Alberro's EBITDA Projections

10. Dr. Alberro's EBITDA projections, *see* Alberro Report at 53-64, differ materially

from CITGO's own projections. Dr. Alberro uses EBITDA projections for PDVH (the "**Alberro Composite Forecast**") in which the 2026–2030 PDVH EBITDA average is approximately [REDACTED]. See *id.* at 62. By contrast, the CITGO Medium Term Plan (the "**MTP**"), published on January 20, 2025, forecasts that average EBITDA will be approximately [REDACTED] over the same period. *Id.* at 55. [REDACTED]

[REDACTED]

[REDACTED]

11. Dr. Alberro's higher PDVH EBITDA is a result of his forecast of higher crack spreads as compared to CITGO's. As Dr. Alberro explains, "[a] crack spread measures the difference between the price of crude oil and the prices of refined petroleum products such as gasoline and diesel." *Id.* at 40. Dr. Alberro explains that crack spreads are "a key indicator of refining profitability." *Id.* Dr. Alberro cites a higher crack spread environment in June 2025 compared to January 2025, and asserts that it justifies increasing CITGO management's projected crack spreads throughout the projection period. See Ex. A, *CITGO Expert Testimony Review - Evercore Overview*. As Dr. Alberro himself acknowledges, crack spreads are expected to diminish through 2025. Alberro Report at 40. Thus, while the increase in crack spreads from January to June 2025 suggests a possibility that the EBITDA in 2025 could increase, that is not necessarily indicative of crack spreads continuing to increase even through the balance of 2025, and there is no reason to anticipate any change to CITGO's projections in later years.

12. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13. When the Alberro Composite Forecast is adjusted [REDACTED] and all other assumptions in the Alberro Report remain the same, Dr. Alberro's \$18.6 billion PDVH enterprise value, *see* Alberro Report at 64, decreases to \$13.6 billion.

b. Dr. Alberro's Discounted Cash Flow Analysis

14. In his DCF analysis, Dr. Alberro employs a weighted average cost of capital ("WACC") of 8.27% and a perpetuity growth rate of 2.00% to derive a DCF value of \$18.6 billion. *See* Alberro Report at 75-76.

15. To assess the assumptions in Dr. Alberro's DCF analysis, Evercore has reviewed publicly-available fairness opinions provided by other investment banks for the following comparable industry transactions: HollyFrontier Corporation's acquisition of Sinclair Oil Corporation's assets; HF Sinclair's acquisition of Holly Energy Partners; Marathon Petroleum Corporation's acquisition of Andeavor; and PBF Energy Inc.'s acquisition of PBF Logistics LP. *See* Exs. C-K. The fairness opinions indicate that the median low WACC for these transactions was 8.50% and the median high WACC was 9.75%. However, these fairness opinions were rendered in a lower interest rate environment from 2018 to 2023 where the risk free rate utilized was substantially lower than that of today. *See* Exs. C-K. Updating the risk-free rate to today's rate results in an median low and high WACC of 10.34% to 11.84%. This suggests that the WACC of 8.27% that Dr. Alberro used in his DCF analysis is excessively low.

16. A deeper examination of the components of WACC—including market risk premiums, company risk premiums, and tax rate—further illustrates flaws in Dr. Alberro's analyses.

17. Of the four fairness opinions reviewed, only two contained detail concerning the market risk premium and the company risk premium based on size used in the analyses. For these, the market risk premiums utilized ranged from 7.20% to 7.50%. *See* Ex. H, *PBF Energy Inc.'s Acquisition of PBF Logistics LP - 13E3*, at 38; Ex. C, *HF Sinclair's Acquisition of Holly Energy Partners - 13E3*, at 37. This is significantly higher than the equity risk premium of 4.21% that Dr. Alberro used.² Alberro Report at 75.

18. Using the same methodology as the Alberro Report, a meaningfully higher WACC range of 10.08% to 10.84% results when one applies the following assumptions:

- (1) **A market risk premium of 6.26% to 7.31%**, which represents the supply-side and historical market risk premium that is recommended by Kroll. *See* Ex. L, Kroll, *2025 Cost of Capital Navigator*. Alberro instead used an equity risk premium of 4.21% from Professor Aswath Damodaran's "Implied ERP for June 2025." *See* Alberro Report at 71. Kroll utilizes a committee of valuation experts based on a comprehensive view of current market conditions, interest rates, and risks when calculating the range of market risk premiums. *See* Ex. L, Kroll, *2025 Cost of Capital Navigator*. Additionally, Kroll uses forward-looking risk metrics in addition to historical return patterns. *Id.* Professor Aswath Damodaran's market risk premium analysis, on the other hand, is calculated based solely on historical market risk premium analysis and is traditionally used in academic and not in professional settings. In the fairness opinions reviewed by Evercore, none cited Damodaran's market risk premium, while two cited the Kroll risk

² The terms market risk premium and equity risk premium are used interchangeably in this context.

premium. The others did not provide this level of detail. *See* Ex. H, *PBF Energy Inc.'s Acquisition of PBF Logistics LP - 13E3*, at 38; Ex. C, *HF Sinclair's Acquisition of Holly Energy Partners - 13E3*, at 37.

- (2) **A company risk premium based on size of 0.49%**, from Kroll to reflect the additional non-systematic risk. *See* Ex. L, Kroll, *2025 Cost of Capital Navigator*. Dr. Alberro did not include a company risk premium based on size in his analysis at all. *See* Alberro Report at 86-87. This sized-based company risk premium is appropriate and based on well-proven and accepted financial theory which posits that smaller companies have a higher cost of capital. *See* Exs. C-K.

- (3) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

19. Both this WACC range of 10.08% and 10.84% and the WACC range of 10.34% to 11.84% resulting from the modified public fairness opinions cited above are meaningfully higher than the 8.27% WACC rate that Dr. Alberro used in his DCF analysis.

20. Using the Alberro Composite Forecast and adjusting the WACC to 10.46%, the midpoint of the WACC values discussed above, the PDVH enterprise value in Dr. Alberro's DCF analysis decreases from \$18.6 billion to \$13.8 billion, keeping all other assumptions in the Alberro Report the same.

21. Further, [REDACTED]
- [REDACTED], the PDVH enterprise value in Dr.

Alberro's DCF analysis decreases from \$18.6 billion to \$10.2 billion.

22. Further, Dr. Alberro used a perpetuity growth rate of 2.00%. *See* Alberro Report at 76. A perpetuity growth range of 0.00% to 2.00%, with a mean of 1.00%, is more appropriate because it reflects the industry consensus that there will be declining demand in perpetuity for refined products. *See* Exs. C-K.

23. Using the Alberro Composite Forecast and adjusting the perpetuity growth rate to 1.00%, the PDVH enterprise value in Dr. Alberro's DCF analysis decreases from \$18.6 billion to \$16.7 billion.

24. **Finally, to summarize the revised assumptions discussed above, [REDACTED], a 10.46% WACC, and a 1.00% perpetuity growth rate, the PDVH enterprise value in Dr. Alberro's DCF analysis decreases from \$18.6 billion to \$9.4 billion.**

c. Dr. Alberro's Market Multiples Analysis

25. In an effort to validate his DCF analysis, Dr. Alberro conducts a comparable company analysis (also referred to as a market multiples approach) to estimate CITGO's enterprise value. *See* Alberro Report at 89-93. Dr. Alberro's analysis uses a 13-quarter median last twelve months enterprise value / EBITDA multiples analysis to calculate an implied PDVH enterprise value. *See* Alberro Report at 91. The analysis also includes a median control premium of 21.00%, which Dr. Alberro asserts is necessary because public company trading multiples reflect non-controlling interests and therefore understate the value range for CITGO, which would be owned by a limited number, or single, controlling shareholder as a result of this sale process. *Id.* at 92-93. Dr. Alberro uses the following list of peers in his analysis, noting that certain other peers were omitted due to size, location, and number of refineries: Marathon Petroleum Corporation; Phillips 66; Valero Energy Corporation; HF Sinclair; and PBF Energy, Inc. *Id.* at 90. Dr. Alberro's market

multiples analysis results in an estimated enterprise value for CITGO Petroleum ranging from \$13.023 billion to \$18.463 billion, with a median of \$15.162 billion. *Id.* at 93.

26. Comparable company valuations are among the most common methodologies used by investment banks to derive the value of a refining company. But Dr. Alberro's approach in conducting his market multiples analysis departs from commonly accepted valuations of other transactions in the oil and gas industry. Current or forward year enterprise value / EBITDA multiple analyses are used most consistently in those valuations.

27. For reference, Evercore analyzed several fairness opinions and determined that they consistently utilize current or forward year enterprise value / EBITDA multiples or free cash flow multiples. The fairness opinions that Evercore analyzed were prepared for the following transactions: HollyFrontier Corporation's acquisition of Sinclair Oil Corporation's assets; HF Sinclair's acquisition of Holly Energy Partners; Marathon Petroleum Corporation's acquisition of Andeavor; and PBF Energy Inc.'s acquisition of PBF Logistics LP. *See* Exs. C-K. Notably, none of these fairness opinions ever mentions using a control premium or using a 13-quarter median last twelve months enterprise value / EBITDA multiples analysis as a valuation metric. Dr. Alberro's analysis thus departs from the valuation metrics used in fairness opinions for other recent acquisitions of refining companies.

28. For comparison purposes, Evercore performed a forward year equity value / EBITDA multiple analysis of PDVH using the same peer group as Dr. Alberro. That analysis yielded a multiplier range of 8.0 to 10.0. Evercore then [REDACTED], which yielded a valuation range of \$8.416 billion to \$10.520 billion. *See* Ex. M, *CITGO Expert Testimony Review - Company Trading Analysis*.

d. Dr. Alberro's Precedent Transaction Analysis

29. In an effort to further validate his DCF analysis, Dr. Alberro also performs a comparable full-company acquisition analysis, commonly referred to as a precedent transaction analysis. *See* Alberro Report at 93-103. As part of this analysis, Dr. Alberro uses an Equivalent Distillation Capacity (“**EDC**”) multiple, which is a capacity-based metric that requires significant adjustments to isolate the refining earnings. *See* Alberro Report at 95-96.

30. For reference, Evercore conducted an assessment of fairness opinions from other transactions in the industry, but the only fairness opinion that cited the use of a precedent transaction analysis was the opinion for Marathon Petroleum Corporation's acquisition of Andeavor. That fairness opinion utilized a forward year Enterprise Value / EBITDA multiple analysis. The EDC methodology was not used in any of the fairness opinions examined, which suggests that the EDC methodology that Dr. Alberro uses is not a commonly used methodology.

/s/ William O. Hiltz

William O. Hiltz
Senior Managing Director
Evercore Group L.L.C.